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A Comparative Analysis Of The Impact Of Corporate Taxation On Company's Reserve and Dividend Policy In Nigeria: 2000-2011

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Abstract

This study critically examines the different selected sectors of the Nigerian Stock Market transaction profile to study the impact of corporate taxation on company's reserves and dividends in Nigeria covering thirty five (35) companies drawn across seven (7) sectors for a period of 12 years (2000-2011). The variables of interest are: Aggregate Cumulative Total Dividend Payment (ACTDPT) dependent variable, and Aggregate Cumulative Total Cooperate Tax (ACTCPT), Aggregate Cumulative Total Earning per Share (ACTEPS) and Aggregate Cumulative Total Retained Earnings Per Share (ACTRES) independent variables. Ordinary Least Squares Estimation (OLSE), Coefficient of Variability (CV), Granger Causality and Autocorrelation Function/Partial Autocorrelation Function (ACF/PACF) were the different tests from E-view 4.1 and Microfit 4.0 models used to evaluate the sectoral data to determine the comparative impact. The empirical results from the OLS revealed varying degree of directional and magnitude response from ACTCPT, ACTRES, and ACTEPS to the ACTDPT for the seven sectors. The measure of dispersion using coefficient of variability approach shows that by virtual of performance ranking of the sectors, banking has the highest performance of sectors in terms of dividend policy and its impact on corporate taxation on company's reserve in the last decade, followed by the banking, breweries petroleum and marketing, conglomerates, insurance, construction and allied, and food and beverages. The findings from the Granger Causality effect shows that there is no causality effect, no runs relationship, neither short run or long run and it is not significant at all. This implies that the implementation of corporate tax in Nigeria does not affect the payment policy among the various quoted companies under the stock exchange. Findings recommend implementation of ongoing restructuring policy on the sectors performance so as to increase the Aggregate Cumulative Total Cooperate Tax (ACTCPT), Aggregate Cumulative Total Earning Per Share (ACTEPS) and Aggregate Cumulative Total Return Earning Per Share (ACTRES) thereby improving the Aggregate Cumulative Total Dividend Payment Policy (ACTDPT) in Nigeria among the identified non performing sectors.

Keywords: *Cumulative, Sectors, Performance, CV, Dividend Policy, significant, Cumulative*

1.0 INTRODUCTION

1.1 Dividend policy is primarily concerned with the methods and procedures relating to dividends in an organization. Dividend policy can be regarded as a set of rules which guides company's board of directors in its decision as to what proportion of the company's annual profit which should be distributed to the shareholders as dividend and also to keep as reserve by the finance manager of the corporation. Dividend decision involves the determination of the proportion of a company's earnings (profit) to pay out as dividend to the shareholders or retained within the firm for self-financing.

However, the financial manager recommends to shareholders whether to distribute all annual profits made, retain some or distribute a portion and retain the balance. Dividend decision is the trade-off between paying out cash and issuing new shares on one hand and retained earnings on the other hand. Dividend decisions has serious implications for share prices and hence returns to investors, the financing of internal growth and equity base through retentions together with its gearing and leverage. Some experts have argued that companies use dividends as mechanisms for financial signaling regarding the stability and growth prospective of the firm. They further argued that retained earnings are the most important internal sources of financing the growth of the company. Dividend are usually paid to the shareholders or owners of the business at a specific periods and if profit is not made, dividend are not declared, but when profits are made the company is obliged to pay corporate taxation including other statutory taxes to the government based on recommendations made by its directors. This is an essential corporate responsibility particularly profit making corporations. The taxes paid reduce the profits available at the disposal of the corporation, either to be retained or distributed as dividend to shareholders. Some corporations may have low dividend payout because management is optimistic about the firm's future and therefore wishes to retain their earnings for further expansion investment.

1.2 PROBLEM OF THE STUDY

The researchers are no longer concerned on whether dividend payout affect firm value but are more concerned with finding the channel through which dividend affect firm value because of the theoretical concept in dividend policy which says that firms can go to capital market to raise funds instead of relying on reserves.

Despite the legal restriction all the theories stated about dividend payment policy in Nigeria, it created problems for companies because they are not free in terms of dividend payment. The restriction of 60/40 dividend payout ratio without reference to the value of the firm impacts on corporate financial management and decisions as it affects dividend. Therefore the study is carried out to know if companies are conforming to the legal dividend policy of government.

1.3 SCOPE OF THE STUDY

The study covers thirty-five (35) companies drawn across seven (7) sectors of the Nigeria Stock Exchange market from the period of 2000 – 2011. Looking at their Aggregate Cumulative Total Dividend Payout, Aggregate Cumulative Total Corporate Tax, Aggregate Cumulative Total Earnings Per Share and Aggregate Cumulative Total Retained Earnings.

To achieve this objective, the paper is divided into sections. Introduction, literature review/frame work; research methodology, empirical analysis estimation, results and discussion, conclusion and recommendations while last section presents suggestion for further study.

1.4 OBJECTIVES OF THE STUDY

The main objective of this is to appraise the impact corporate taxation and retained earnings on dividend payout policy in Nigeria. Specifically to the following objectives:

1. To understand the impact earnings per share (EPS) have on the dividend policy of firms
2. To understand what a firm does with its dividend policy either to retain them or distribute them as dividend to shareholders
3. To empirically study the comparative analysis of the impact of corporate taxation and retained earnings on dividend payout policy in Nigeria

1.5 RESEARCH HYPOTHESIS

To examine the impact of corporate taxation and retained earnings on dividend payout policy in Nigeria critically and objectivity, the following null hypotheses were formulated and tested:

1. **Ho:** There is no significant relationship between corporate taxation and dividend payment of quoted companies in Nigeria
2. **Ho:** There is no significant relationship between retained earnings and dividend payment of quoted companies in Nigeria

2.0 LITERATURE REVIEW

2.1 DIVIDEND ISSUES REVIEWED

Amidu, M. and Abori, J. (2006) indicated the type of dividend pattern of a corporation to that of cultural phenomenon that changes continuously in relation to environment and time. Companies listed in the Nigeria Stock Exchange are usually obligated to payout dividends on a quarterly or semi-annual basis. The semi-annual or quarterly payment is referred to as the interim dividend. The final payment which is usually paid at the end of the financial year of the company is known as the final dividend. Osiegbu (2005) stated that dividend is normally paid after the corporate tax has been deducted. It is hard to deny that taxes are important to investors. Although, dividend affects the shareholders tax liability, it does not in general alter the taxes that must be paid regardless of whether the company distributes or retains its profit (Brealey, 1991) and Azubike (2007). Tax is not an assessment of benefit; it is a means of distributing the burden of the cost of government.

Adesola and Okwong (2009), Akujuobi, (2006) reported that dividend decision is the trade-off between paying out cash and issuing new shares on one hand and retained earnings on the other hand. Li, Yin, Song, Man-Shu (2008), noted that dividend policy determines whether earnings should be distributed to shareholders or self finance through retained earnings. Omran and Pointer (2004), argued that dividend decisions has serious implications for share prices and hence returns to investors, the financing of internal growth and equity base through retentions together with its gearing and leverage. Okpara (2010) stated that experts have argued that companies use dividends as mechanisms for financial signaling regarding the stability and growth prospective of the firm. He further argues that retained earnings are the most important internal sources of financing the growth of the company. Nnadi and Akponu (2008) stressed that dividend are usually paid to the shareholders or owners of the business at a specific periods and if profit is not made, dividend are not declared, but when profits are made the

company is obliged to pay corporate taxation including other statutory taxes to the government based on recommendations made by its directors. This is an essential corporate responsibility particularly profit making companies. The taxes paid reduce the profits available at the disposal of the corporation, either to be retained or distributed as dividend to shareholders. Gill, Biger and Tibrewala (2010) pointed out that tax adjusted theory divides investors into dividend tax clientele Masulis and Trueman (1988) model predicts that investors with differing tax liabilities will not be uniform in their ideal corporation dividend policy. Some corporations may have low dividend payout because management is optimistic about the firm's future and therefore wishes to retain their earnings for further expansion.

Frankturker and Wood (2000) indicated the type of dividend pattern of a corporation to that of cultural phenomenon that changes continuously in relation to environment and time. Companies listed in the Nigeria Stock Exchange are usually obligated to payout dividends on a quarterly or semi-annual basis. The semi-annual or quarterly payment is referred to as the interim dividend. The final payment which is usually paid at the end of the financial year of the company is known as the final dividend. Osiegbu and Nwakanma (2005) stated that dividend is normally paid after the corporate tax has been deducted.

It is hard to deny that taxes are important to investors. Although, dividend affects the shareholders tax liability, it does not in general alter the taxes that must be paid regardless of whether the company distributes or retains its profit (Osuala, 2006). Tax is not an assessment of benefit; it is a means of distributing the burden of the cost of government (Mizuno, 2007).

Enhancing shareholder's wealth and profit making are among the major objectives of a firm (Pandey, 2010). Shareholder's wealth is mainly influenced by growth in sales, improvement in profit margin, capital investment decisions and capital structure decisions (Adelegun, 2003). Firm performance in this case can be viewed as how well a firm enhances its shareholder's wealth and the capability of a firm to generate earnings from the capital invested by shareholders. Dividend policy can affect the value of the firm and in turn, the wealth of shareholders (Baker et al., 2001).

According to Westerfiels, dividend policy is therefore, considered to be one of the most important financial decisions that corporate managers encounter (Baker and Powell, 1999). It has potential implications for share prices and hence returns to investors, the financing of internal growth and the equity base through retentions together with its gearing and leverage (Omran and Pointon, 2004). Frankfurtet and McGoun (2000) concluded that the dividend puzzle, both as a share value-enhancing feature and as a matter of policy is one of the most challenging issues of modern financial economics. Mizuno (2007) agrees to the fact that a firm ought to pay dividends to shareholders if it cannot identify suitable investments which would bring higher returns than those expected by the shareholders.

2.2 THEORETICAL FRAMEWORK

Some of the theories of dividend policy are as follows:

1. The Dividend Irrelevant (M-M)
2. The Dividend Relevant (Bird-in-Hand)
3. The Tax Differential Theory

- **The Dividend Irrelevant Theory:** According to Osiegbu (1999:57-58), Modigliani and Merton Miller (M&M) in their first important work on dividend irrelevance argued that dividend policy has no effect on the value of the firm. M-M stated that if firms pay higher dividend, then they must sell more shares to new investors, the value of shares of the company sold to new investors is exactly equal to the dividend paid out.

  That is, if a firm capital budget is ₦1million and it expects same amount as earnings then three alternatives are possible.

  1. The firm could pay all its earnings as dividend and finance that capital budget by selling ₦1million new shares
  2. Retain the entire ₦1million earnings, and sell no new shares then shareholders would have capital gain of ₦1million
  3. Pick a payout anywhere between zero and hundred percent, (0 – 100%) and hence shareholders would have a total of ₦1million in dividend and capital gains. In this theory dividend policy has no effect on investors required rate of return on equity; therefore there is no optimum dividend policy.

The assumptions underlying M-M's hypothesis may not always be valid in practice. This is because external financing may be achieved. Investors may encounter difficulty in selling their shares and dividend may be taxed differently from capital gain.

M-M's hypothesis of irrelevance is based on the following usual perfect market assumptions:-

a) The firm operates in perfect capital markets where investors behave rationally, information is freely

available to all transactions and floatation cost does not exist. This is not obtainable in practice, as the firm will have to pay underwriting fees and brokers commission if new shares are issued. The presence of flotation cost makes the external financing more expensive. Also, when a shareholder sells his shares he has to pay brokerage fee.

b) Taxes do not exist.
c) The firm has a fixed investment policy.
d) Risk of uncertainly does not exist.

Other experts such as Linter, (1986) countered M-M's hypotheses arguing that dividend resolves uncertainty in the minds of investors: therefore, they prefer dividend to capital gain. Theoretically, capital gain is a paper gain, which may not materialize until the share is sold in the market place. Therefore, to depend on capital gain as basis of calculating return on investment may be elusive.

- **The Bird-in-Hand-Theory:** The theory suggests that investors behave rationally and they are risk-averse therefore, they have a preference for near dividends to future dividends.

Bhattachevyn (1979:259) argued that the bird in the hand theory is like two shares with identical earnings, record and prospects but the one that pays a higher dividend than future value. he further commands higher price merely because shareholders prefer shareholders often act upon the principles that a bird-in-hand is worth two in the bush and for this reason shareholders are willing to pay a premium for share with a higher dividend rate just as the discount with the one with the lower rate.

Gordon (1962) also expressed the bird-in-hand theory in which he contended that futurity (that is, the further investor look into the future) the more uncertain dividends become) makes the level of risk to be higher as the period progresses.

- **The Tax Differential Theory: M-M's** assumption that taxes do not exist is far from reality. Investors have to pay taxes on dividend received than capital gains, but different tax rates are applicable to dividends and capital gains. Dividends are generally treated as ordinary income, which are taxed while capital gain may not be taxed until it is realized. From the tax point of view, shareholders would prefer capital gains to current dividend because capital gain tax is less than tax on dividend. Secondly, capital gains tax is payable only when the shares are sold, therefore there is a low-dividend yield.

The three theories offer contradicting advice to corporate managers. M-M says, it does not matter, Gordon says, set a high payout and the tax differential advocates to set a low dividend payout ratio.

2.3 EMPIRICAL REVIEW

Osuala (2005) in his study, determinants of corporate dividend policy in Nigeria found that profitability (EAT) and return on equity (ROE) affect dividend payments.

Neceur et al. (2006) conducted the study on the determinants and dynamics of dividend policy of Tunisia Stock Exchange. They selected 48 firms (non financial) and examined whether the managers of the listed firms distributes their dividends or not. They attempted to explain if the Tunisian firms follow stable dividend policy? Do dividend yield differ across the industry sector? What are the mean factors that determine the dividend policies in Tunisia?

Baker et al. (2007), conducted the study on the perception of dividends by Canadian managers by taking the sample of 291 listed firms on Toronto Stock Exchange (TSE). The results of the studies regarding the factors influencing dividend policy, matters involving with dividend policy and explanation of why firms pay dividend show that the most important factors for determinants of dividend are level of expected future earnings, stable earnings, pattern of past dividends and the level of current earnings. The evidence of the study suggests that mostly managers of TSE listed firms are still making the decision regarding the dividends consistent with survey results and behavioral model of Lintner.

Adelegan (2003) test Lintner's model as modified on the impact of growth prospect, leverage and firm size on dividend behaviour of corporate firms in Nigeria. A total sample of 63 quoted firms in Nigeria was empirically examined over a testing period from 1984 to 1997. The study also introduced dummy variables to capture dividend policy changes.

Okpara (2010) use factor analytical approach to diagnose the determinants of dividend payout policy in Nigeria. Using principal component analysis isolated four variables profit after tax, Earnings per Share, current ratio and past dividend and applies OLS over the period 1980-2006. The study found that the study impacted significantly on the dividend payout and dividend yield in Nigeria. One clear issue with this study is that the construction of data for the variables is not clear and poses difficulty for replication. Again, there is no mention of how many firms covered. Secondly, the definition of size as the number of listed firms in this study detracts from the concept of size in most dividend payout policy studies (Adelaga, 2003; Eriotis, 2005; Musa, 2009).

3.0 METHODOLOGY

4.1 Model Specification

To establish empirical investigation, there is need for model specification; a functional model is specified as follows:

$$ACTDPT = f(ACTCPT, ACTRES, ATCTEPS,) \quad 1$$

where:

$ACTDPT$ - Aggregate Cumulative Total Dividend Payment Policy
$ACTCPT$ - Aggregate Cumulative Total Cooperate Tax
$ACTRES$ - Aggregate Cumulative Total Earning Per Share
$ACTEPS$ - Aggregate Cumulative Total Return Earning Per Share

Model

$$ACTDPT_i = \alpha_0 + \alpha_1 ACTCPT_i + \alpha_2 ACTRES_i + \alpha_3 ATCTEPS_i + \varepsilon \quad 2$$

Where the i represents the aggregate of each sector: Banking, Construction and allied, Insurance, Conglomerates, petroleum and marketing, Breweries, Food and Beverages respectively. The apriori expectations are $\alpha_1, \alpha_2 < 0 \quad \alpha_3 > 0$.

4.2 Data Collection and Technique of Analysis

The data used in this study were mainly secondary data from selected banking, construction and allied companies, insurance, petroleum and marketing, breweries, food and beverages and conglomerates covering the period (2000-2011) and were obtained from various sources; CBN statistical bulletin (2009 and 2012), stock exchange reports and economic journals. Others were obtained from textbooks as well as visiting the websites. The technique used in this study is the Ordinary Least Square (OLS) estimation technique. The test instruments in the OLS are the T-statistics and F-test which were used to test the significance of variables and the overall significance of the regression respectively. Other test instruments also employed were the Durbin Watson test which was used to test the presence or absence of auto correlation, R square and the adjusted R square is used to test the percentage variation of the dependent and the independent variables.

A correlation analysis was estimated to establish the relationship between the dependent variable, Aggregate Cumulative Total Dividend Payment Policy (ACTDPT) and the independent variables: Aggregate Cumulative Total Cooperate Tax (ACTCPT), Aggregate Cumulative Total Earning Per Share (ACTEPS) and Aggregate Cumulative Total Return Earning Per Share (ACTRES).

4.3 Estimation of Model Procedure

OLS model for multivariate analysis of dependent variable Aggregate Cumulative Total Dividend Payment Policy (ACTDPT) and the independent variables: Aggregate Cumulative Total Cooperate Tax (ACTCPT), Aggregate Cumulative Total Earning per Share (ACTEPS) and Aggregate Cumulative Total Retained Earnings Per Share (ACTRES) between the years (2000-2011) is the major techniques used to establish relationship. Coefficient of variability which is the ratio of standard deviation of the dependent variable to the mean of the dependent variable to determine the performance of the selected sectors on the profile of the Nigerian Stock Exchange. The study also involved test of significance of parameter estimates (t-statistics) and carried out at 5% level. This will enable us compare the probability of computed t-statistic or F-statistics at various situation of empirical analysis with the critical value at 5% to establish significance. When the computed t-statistic probability associated with it is greater than the critical value at 5%, the parameter in question is significant but otherwise is not significant. The data collected shall be analyzed electronically with the use of statistical software **Microfit 4.1** for econometrics model estimations on Banking, Construction/Allied, Insurance, Conglomerates, Petroleum and Marketing, Breweries, and Food and Beverages.

4.0 Result of Empirical Data Analysis

Table 1: Empirical Summary of Comparative Analysis Results
Dependent: ACTDPT

Sectors	Banking Sector		Construction/Allied Sector		Insurance Sector		Conglomerates Sector		Petroleum and marketing Sector		Breweries Sector		Food and Beverages Sector	
Independent Variable (Regressors)	*Co-eff*	*P<0.05*	*Co-eff*	*P<0.05*	*Co-eff*	*P<0.05*	*Co-eff*	*P<0.05*	*Co-eff*	*P<0.05*	*Co-eff*	*P<0.05*	*Co-eff*	*P<0.05*
ACTCPT	-0.5863	0.248	-0.0284	0.177	1.9570	0.444	1.6770	0.048	-0.0358	0.765	2.3769	0.111	-0.08728	0.776
ACTRES	0.2177	0.000	-0.0249	0.016	-0.0249	0.9147	-0.7388	0.183	0.25252	0.671	-0.22750	0.869	0.24321	0.056
ACTEPS	-2704.4	0.001	51567.2	0.001	-13685.7	0.039	-82340.8	0.631	0.1631090	0.643	-250436.8	0.714	97326.9	0.184
C	7513.2	0.006	555.519	0.962	148851.7	0.080	4047348.6	0.275	33409.8	0.746	-606052.11	0.689	658642.2	0.021

Source: Microfit 4.1 Results Extract

Table 2:Summary of Global Statistic Result

Sectors	Banking	Construction /Allied	Insurance	Conglomerates	Petroleum and marketing	Breweries	Food and Breverages
R-Squared	0.8756	0.7757	0.61195	0.5227	0.63466	0.86607	0.7108
AdjR-Squared	0.8289	0.6916	0.4664	0.3437	0.49765	0.81584	0.6025
Pvalue(F-stat)<0.05	0.001	0.006	0.046	0.1	0.037	0.001	0.015
Mean of Depedent Variable	4574.8	43533.8	10762.4	844308.8	1669851	3687339	1373037
SD of Dependent Variable	5258.7	29849.4	58269.7	431894.7	684710.1	2653989	407438.1
DW-test	1.006	1.876	1.44	1.036	1.308	2.52	1.55

Source: Microfit 4.1 Results Extract

Table2: Comparative Performance Empirical Analysis Results

Selected Sectors	C.V=Mean/SD*100	Performance Ranking
Banking	1.147	1
Construction and Allied	6.856	6
Insurance	5.414	5
Conglomerates	5.115	4
Petroleum and Marketing	4.100	3
Breweries	2.967	2
Food and Beverages	7.197	7

Source: Microfit 4.1 Results Extract

5.0 DISCUSSION RESULTS

The comparative analysis of the impact of corporate taxation on company's reserves and dividends policy in Nigeria results are discussed as follows with reference to the Microfit result outputs in the appendix2:

In the banking sectors, the ACTRES has positive impact on ACTDPT but the ACTCPT and ACTEPS have negatively affected the ACTDPT. A relative change in ACTEPS and ACTCPT will result in 27% and 58.6% decrease in ACTDPT and 21.1% increase in ACTDPT by ACTRES. In terms of test of individual significance of parameters, the analysis show that ACTCPT, ACTRES and ACTEPS associated probability of t-statistics are less than 0.05 therefore there is individual and overall statistical significance among the exogenous to the endogenous variables in the banking sector of the Nigerian economy. The degree of accuracy of the analysis is high at 87% which indicates a good model fit. In addition, the ACTRES, ACTCPT and ACTEPS can explain the variation in ACTDPT by 82.9%.

The construction and allied, the estimated model reveals that there is ACTCPT and ACTRES negatively affect ACTDPT but ACTEPS has positive effect on ACTDPT. This implies that a unit rise in the ACTCPT and ACTRES will result in the correspondent decrease in ACTDPT by 2.8 and 4.8% respectively while ACTEP exerts 51% increase in ACTDPT. However, ACTRES and ACTEPS are statistically significant to ACTDPT as the p values are less than 0.05 while ACTCPT is not significance. More so approximately 77.5% of ACTDPT can be explained by

the exogenous variables in the construction and allied sectors and since the p(F-stat)<0.05, there is overall statistical significance among the ACTDPT, ACTRES, ACTEPS and ACTCPT.

In the insurance sectors presents a different result as the ACTCPT has positive impact on ACTDPT but the ACTRES and ACTEPS have negative relationship with the ACTDPT. A relative change in ACTCPT will result in 195% increase in ACTDPT but ACTCPT and ACTRES will bring about 2% and 136.8% decrease in ACTDPT. Analysis shows that ACTCPT and ACTRES associated probability of t-statistics are greater than 0.05 except ACTEPS therefore there is no individual statistical significance of ACTCPT and ACTRES to the ACTCPT but ACTEPS is significance. However, there is overall statistical significance among the variables in the insurance sector of the Nigerian economy. The degree of accuracy of the analysis is high at 61.1% which indicates a good model fit. In addition, the ACTRES, ACTCPT and ACTEPS can explain the variation in ACTDPT by 46.6% indicating poor prediction.

In the conglomerates study, the ACTCPT has positive impact on ACTDPT but the ACTRES and ACTEPS have negatively affected the ACTDPT. A relative change in ACTRES and ACTEPS will result in 73.8% and 82.3% decrease in ACTDPT respectively. Only ACTCPT associated probability of t-statistics is less than 0.05 therefore is significant to ACTDPT and does not record overall statistical significance among the exogenous to the endogenous variables in the conglomerates in the Nigerian economy. The degree of accuracy of the analysis is high at 52.2% which indicates a good model fit. In addition, the ACTRES, ACTCPT and ACTEPS can explain the variation in ACTDPT by 34.3%.

In the Petroleum and marketing study of the Nigeria economy has been seen as the bed rock of the country economy sustainability, the estimated model indicates that ACTCPT negatively impact on ACTDPT but ACTEPS and ACTRES have positive effect on ACTDPT. This implies that a unit rise in the ACTCPT will result in the correspondent decrease in ACTDPT by 3.5. However, ACTRES and ACTEPS will result to 25.2% and 16.3% rise in ACTDPT. Statistically, ACTCPT, ACTRES and ACTEPs are not significant to ACTDPT as the p values are greater than 0.05. About 49.7% of ACTDPT can be explained by the exogenous variables. Since the p (F-stat) < 0.05, there is overall statistical significance among the ACTDPT, ACTRES, ACTEPS and ACTCPT. The model is fitted at 63.5%.

In the Breweries study, the estimated model reveals that ACTEPS and ACTRES negatively affect ACTDPT but ACTCPT has positive effect on ACTDPT. This confirms that a relative change in ACTEPS and ACTRES will result in the correspondent decrease in ACTDPT by 25% and 22.7% respectively while ACTCPT will be found to have exerted about 23.7% increase in ACTDPT. Furthermore, ACTRES, ACTCPT and ACTEPS are not statistically significant to ACTDPT as the p values are greater than 0.05 while ACTCPT is not significance. More so approximately 81.6% of ACTDPT can be explained by the exogenous variables in the Nigerian Breweries sectors. The p (F-stat) < 0.05, there is overall statistical significance among the ACTDPT, ACTRES, ACTEPS and ACTCPT and 86.7% of the analysis accurately fit the model.

In Food and beverages: the estimated model reveals that ACTCPT is negatively related to ACTDPT but ACTEPS and ACTRES have positive impact on which means that a unit change in the ACTCPT will result in the correspondent decrease in ACTDPT by 8.7 but ACTRES and ACTEPS will bring about 24.3 and 97.3% increase in ACTDPT. ACTRES, ACTCPT and ACTEPS are not statistically significant to ACTDPT. Only 71.1% of ACTDPT can be explained by the exogenous variables in the food and beverages sectors and the p (F-stat) < 0.05 indicating overall statistical significance among the ACTDPT, ACTRES, ACTEPS and ACTCPT in the sector.

In table 2, we investigate the performance of the selected sectors of the Nigerian economy based on the impact of corporate taxation on company's reserve and dividend policy in Nigeria using the parameters: Aggregate Cumulative Total Dividend Payment Policy (ACTDPT) and the independent variables: Aggregate Cumulative Total Cooperate Tax (ACTCPT), Aggregate Cumulative Total Earning Per Share (ACTEPS) and Aggregate Cumulative Total Return Earning Per Share (ACTRES). The measure of dispersion using coefficient of variability approach shows that by virtual of performance ranking of the sectors, the sector with smallest C.V has the highest performance. On that note, the performances of sectors in terms of dividend policy and its impact of corporate taxation on company's reserve reveals among the all the sectors under consideration banking sector has highest and consistent performance in the last decade follows by the breweries ranking second and petroleum and marketing maintaining the third position in the performance of dividend policy and its impact of corporate taxation on company's reserve in Nigeria.

8.0 CONCLUSION

This study examined the different model estimates of the selected sector on the Nigerian Stock Exchange profile on annual bases for a period of 12 years to perform comparative performance analysis on the Aggregate Cumulative Total Cooperate Tax (ACTCPT), Aggregate Cumulative Total Earning Per Share (ACTEPS) and Aggregate Cumulative Total Return Earning Per Share (ACTRES) on Aggregate Cumulative Total Dividend Payment Policy (ACTDPT). The empirical results from the OLS estimated reveal that there are varying degree of

direction and magnitude response of ACTCPT, ACTRES and ACTEPS to the ACTDPT. The analysis also reveals that the models perform differently with highest performance in the banking sectors and poor performance in the food and beverages sectors in Nigeria. Meanwhile the breweries and petroleum and marketing play significant role in the sector comparative performances over the last decades with might responsible for economic reform activities in the various sectors of the Nigerian economy.

6.0 RECOMMENDATIONS

Based on the findings and policy implementation from the study, the following recommendations are proffered. First there should be a total overhaul of construction and allied, insurance, food and beverage and conglomerates gearing towards performance in the sector. The current wave of restructuring policy on the sectors for performance should affect the non performing sectors in order to increase the Aggregate Cumulative Total Cooperate Tax (ACTCPT), Aggregate Cumulative Total Earning Per Share (ACTEPS) and Aggregate Cumulative Total Return Earning Per Share (ACTRES) thereby improving the Aggregate Cumulative Total Dividend Payment Policy (ACTDPT) in Nigeria.

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